

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7777**

**BILL NUMBER:** SB 556

**NOTE PREPARED:** Mar 31, 2003

**BILL AMENDED:** Feb 17, 2003

**SUBJECT:** Property taxation.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:** Rep. Welch

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill permits a political subdivision to receive an advance distribution from the Property Tax Replacement Fund. It reinstates as rules personal property assessment rules incorporated by reference into statutes. The bill allows approval of a late filed or incomplete application for an economic revitalization deduction or an enterprise zone inventory credit. The bill also adjusts qualifications for certain civil taxing unit excessive levy appeals.

The bill allows a county assessor to appear as an additional party or represent the township assessor in review proceedings before the Indiana Board of Tax Review (IBTR). It permits the IBTR to make a final determination based on a stipulation, and requires the IBTR to consider a county assessor's comments or objections to a final determination based on a stipulation. If the time for the Indiana board to issue a final determination expires, the bill allows the petitioner to wait for a determination or file for de novo review in the Indiana Tax Court.

The bill also expands the rulemaking authority of the IBTR. It changes the annual deadline for county auditors to provide information to the state, and imposes a penalty for failure to provide the information by the deadline. The bill provides that the county assessor (instead of the county auditor) is responsible for publishing notice of the annual session of the county property tax assessment board. This bill also directs county auditors to forward sales disclosure form data to the Legislative Services Agency.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Appeals:* The bill would allow the IBTR to adopt rules regarding standards and procedures. Among other things, the rules may include procedures for voluntary arbitration

and mediation. The rules may also create a small claims appeals track. It is presumed that the small claims track would be somewhat streamlined and less expensive to administer than current appeals. The bill also makes several other procedural changes to the appeals process. The IBTR is funded from the state General Fund.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Sales Disclosure:* Under current law, a sales disclosure form must be filed with the county auditor any time real property is sold or transferred for valuable consideration, except a transfer to charity. The county assessor (township assessor in Marion County) currently must forward a copy of the form to the Department of Local Government Finance, in electronic format if possible. This bill would require that an additional copy be forwarded to the Legislative Services Agency. If the transfer is by electronic means, then there would be no additional local cost under this provision. If the transfer is by paper copy then there could be a minimal expense for copying and postage.

**Explanation of Local Revenues:** (Revised) *PTRF Advances:* Under current law, a local taxing unit can request from the county treasurer an advance of taxes collected before the normal semiannual distributions in June and December. This bill would also permit taxing units to request from the county treasurer an advance of payments received from the state Property Tax Replacement Fund. The bill would require the county treasurer to make an advance within 30 days of the request. The amount of the advance would be limited to the lesser of (1) 95% of the amount received by the county treasurer on behalf of the unit or (2) 95% of the next regular distribution. The actual amount distributed early to units under this proposal would depend on the number of requests and the amount of the advances authorized by the county treasurers. The availability of these transfers could reduce interest expenses that a unit might otherwise incur if it is forced to borrow operating money. Allowing the advances could also reduce interest earnings for the county units.

*ERA Abatements and Enterprise Zone Credits:* The bill would give local officials the ability to accept a late filed ERA deduction application or a late filed EZ credit application as timely filed by resolution after a public hearing. This provision would give local officials more local control over tax incentive availability.

*Maximum Levy Increases:* Under current law, maximum levies may increase by the 6-year average annual growth in Indiana personal income (IPI), as calculated by the U.S. Bureau of Economic Analysis, with a 6% maximum. A unit may appeal for an excessive levy if its assessed value growth quotient (AVGQ) exceeds the statewide average AVGQ by at least 3%. This bill clarifies the existing formula and specifies the maximum amount of excessive levy that would be allowed. The changes that the bill makes have already been incorporated into current practice, so this provision would have no real fiscal impact.

*Data Requirements:* Under current law, county auditors are required to maintain an electronic file of property tax data for each real property parcel and each business personal property return. Auditors are required to transmit the data to the Legislative Services Agency and the Department of Local Government Finance before October 1 of the assessment year. Since tax rates are not certified until the following February 15<sup>th</sup> and tax bills are not computed until after the rates are available, the data that would be transmitted would be very incomplete. This bill changes the transmission date to March 1 of the year following the assessment date. By that time, the records should be complete. In the event that a county does not meet this deadline without special circumstance, the bill would require the state to withhold property tax replacement credit payments on that county's property reassessment fund. This measure could help ensure timely transfer of the data.

**State Agencies Affected:** Legislative Services Agency; Indiana Board of Tax Review; Indiana Tax Court.

**Local Agencies Affected:** County assessors; Township assessors; Urban enterprise associations; ERA designating bodies.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859